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Voorburg Group on Services Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its fortieth session,** the Secretary-General has the honour to transmit to the Statistical Commission the report of the Voorburg Group on Services Statistics. The report presents the progress that has been achieved in delivering tangible outputs in the course of the last five years. The Commission is invited to take note of the report and may wish to express its views on the progress of the work of the Group.

* E/CN.3/2010/1.
** See *Official Records of the Economic and Social Council, 2009, Supplement No. 4* (E/2009/24), chap. I.A.

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Report of the Voorburg Group on Services Statistics

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I. Introduction

1. In the late 1980s, the Voorburg Group on Services Statistics was established in response to a request from the United Nations Statistical Commission, for assistance in developing service statistics. The first meeting, hosted by the Netherlands Statistical Office was held in January of 1987 in Voorburg (the Netherlands), from which the group derives its name.

2. The creation of the Voorburg Group was not to be another forum for the exchange of information. Instead, it was to be a group of countries with interest and capacity to carry on developmental work between and during meetings, following well-established rules and a clear timetable. In fact, the purpose of the Group was to address issues related to the production of services statistics, including service product outputs and inputs, the estimation of the real product of service activities, price indices of service products and industries, and their implications for product and industry classification (Central Product Classification (CPC) and International Standard Industrial Classification of All Economic Activities (ISIC)).

3. Over the years, the Group was successful in developing product and industrial classification, model surveys and discussing a wide range of topics such as the information society, the short-term indicators, and international trade in services, to name only a few. In 2005, in response to some concerns about the Group's broad agenda and the wide participation, the Voorburg Bureau reviewed the focus and modalities of the Group and prepared a Strategic Vision[1] describing the mandate, the role and the workplan for the future of the Group. This Vision paper was presented at the thirty-sixth session of the United Nation Statistical Commission, in March 2005, where the Voorburg Group mandate was renewed with a particular emphasis on the development of the service producer price indices (SPPIs).

4. The present report sets out the vision, the innovative governance and structured approach put in place by the Bureau of the Voorburg Group in 2004-2005 to develop service statistics. It also presents the progress that has been achieved in delivering tangible output in the course of the last five years.

II. Vision and workplan for 2005-2009

5. In its 2005 vision, the primary objectives of the Group continued to be the proper identification and definition of services industries, products and measures of turnover combined with a coordinated effort to produce producer price indices for use as deflators in order to improve the measurement of services components of gross domestic product (GDP) at constant prices. Consequently, the Group focused its work on: (a) classification issues; (b) output measures; and (c) price indices.

6. To fully achieve this primary objective, three major functions were performed: (a) developing new concepts, methods and best practices; (b) maintaining and improving the knowledge base; and (c) disseminating best practices and knowledge transfer.

[1] Louis Marc Ducharme, "Strategic Vision of the Voorburg Group on Services Statistics for 2005-2008", background document to the Statistical Commission at its thirty-sixth session.

7. The first function is the Voorburg Group's main function and has existed since the inception of the Group. The second function is needed because methods and best practices evolve with time. The Voorburg Group has taken that role explicitly for the service price indices, as there were no other forums to deal with the issues. The third function is similar to what Eurostat and the International Monetary Fund (IMF) have done in the past, namely worked on dissemination through workshops and manuals. However, the recent experience of developing price indices shows that the best way of learning about constructing service price indices is to observe, participate and exchange with more advanced countries in a structured forum.

Table 1
Scope and functions of the Voorburg Group

	Classification	*Output measures*	*Price indices*
Development	Central Product Classification[a]	Model surveys[a]	Collected papers[b] (in development)
Maintenance	United Nations Statistical Division technical subgroup[a]	Reviews of model survey[a]	Ongoing review of best practices[c]
Dissemination/knowledge transfer	United Nations Statistical Division[b]	United Nations technical paper[b] Voorburg[b]	Manual, workshops[c] Voorburg website, IMF, Eurostat[c]

[a] Work completed.
[b] Work in progress — almost completed.
[c] Work to be done.

8. In addition to its renewed focus, the Voorburg Group Bureau also strengthened its governance by establishing a five-year workplan focusing on its core business (classification, turnover and prices) and implementing an innovative and structured approach in order to produce concrete deliverables.

9. The five-year plan proposed three main objectives:

(a) The creation of a body of knowledge summarizing the best practices for classification, turnover/output and prices;

(b) The increased coverage of the SPPI development;

(c) The improvement of the dissemination of best practices.

10. The outcome for each of these objectives should be: (a) an increased documentation on best practices through the preparation of 12 mini-presentations for two new sectors every year and the completion of two sector papers; (b) an increased coverage of the SPPI development; and (c) the establishment of a comprehensive database of all papers produced since the inception of the Group, on the Voorburg website (http://www.voorburggroup.org).

III. Innovative governance and structured approach: the Voorburg Group workplan

11. To deliver on these three global objectives, the Voorburg Group had to take advantage of methodological developments on turnover and service producer price indices based on practical experiences for a wide spectrum of sector. The Group introduced several innovations in the process development of concepts and methods as well as in the tools used to enhance and structure better the activities of development.

A. Process development

12. In 2006, the process development of new concepts and methodology was structured in a two-year cycle. In the first year, a selected group of countries (normally three) with some experiences on the sector to be developed would present their experience in a structured session called a mini-presentation, where the discussant would be responsible for facilitating the group discussion and presenting the national accounts perspective. Recognizing the equally important development of turnover (output measures), prices and classifications, these mini-presentation sessions try to present a balance among these three areas. In the second year, a summary paper called a sector paper is prepared, highlighting the best practices for classification, turnover and prices. The paper is discussed and the best practices are finalized in one body of knowledge. One of the innovations of the new format of the sector paper is the codification of the best practice in a summary table that may be used as a guide for countries that are expanding their surveys to new sectors (see example in annex III).

13. Given the large amount of work produced before the introduction of this new process development, the Group decided in 2008 to add an activity called "revisited sector papers", which build upon previously issued mini-presentations on prices (presented prior to 2006), and complete them with issues related to turnover and classification to the level of a "sector paper". This allows the Group to leverage past work very effectively with a minimum of investment.

14. This new process development has improved the way knowledge is created, communicated, and shared and how best practices are adopted in a coherent and comparable manner. In the end, both the revisited papers and sector papers are considered as the final outcome of the Voorburg development work for that sector.

B. Tools

15. To help with the development process, a few tools were established. The first tool is the Content Development Framework, which provides the reporting structure for "country's mini-presentations" on prices and on turnover and for the "sector papers", where the three elements of price, turnover, and classification are combined into one report.

16. The Group also has developed living documents, including a thesaurus for prices, a Glossary and a General Methodology Paper. These documents are important tools that have allowed the establishment of a common language between

members of the Group. Their existence has reduced the amount of duplication and useless repetitions in the sector papers. The General Methodology Paper has provided a common framework for the development of the service price indices. In the same vein, the paper outlining key issues in the development of services statistics from a national accounting perspective was an important contribution to remind the Group of the framework for the development of the turnover and price statistics.

17. In addition to these new initiatives, the Bureau has been monitoring progress made by countries in the development of service statistics through the industry scorecard. In fact, many countries provide progress reports each year which are used to assess Voorburg Group country achievement in all areas and serve as part of the Group's concrete deliverables. Progress reports have been produced for over 30 industries during the meetings from 2006 through 2009.

IV. Achievements and remaining priorities

18. In the course of the period 2005-2009, the Voorburg Group managed to address all of the concerns of the Statistical Commission. In 2005, the Voorburg Group prepared and adopted a Strategic Vision and objectives for the next five years. At the Wiesbaden meeting in 2006, the Group adopted the new process and the Content Development Framework tool, which provided a structure to manage and monitor in a very systematic way the development work on service statistics. In 2008, the Group expanded its activities to review past work and ensure one body of knowledge underlying best practices. Finally, it gathered all the documentation on its website and improved the search engine tool for better dissemination of the results.

19. The direct consequence of these measures is reflected in the growing number of sectors that have been completed and documented on the official website and the increased participation of countries in the development work of the Group. For example, the number of completed sector papers went from two in 2005 to four in the following years. It doubled in 2009, when efforts were made to revisited papers in order to make them a more comprehensive body of knowledge.

Table 2
Number of sectors in development and completed, 2006-2009

Number of sectors	*2006*	*2007*	*2008*	*2009*
In progress	3	2	2	3[a]
Completed	4	4	4	8[b]

[a] Including a first draft of a sector paper on wholesale trade.
[b] Including revisited papers.

20. The outcomes of the recent workplan were numerous: (a) a substantial increase in complete documentation on best practices for more than 20 sectors, representing close to 30 per cent of valued added GDP; (b) a greater participation of member countries in the development process; and (c) an increase by fivefold of the SPPI development and an improved search tool on the website of the Group.

21. Given the success of its new governance, the Voorburg Group intends to complete most of the revisited papers in the next couple of years and start to address the more complex service sectors such as: banking; finance and insurance; wholesale and retail trade; and the issue of quality adjustment of services. On this front, there is a need to coordinate many of these new developments with the Ottawa Group on Consumer Prices, where some of the conceptual work has already begun. Other themes also need to be addressed, such as trade in services, chain values and transfer pricing. For the time being, these themes have been excluded from the mandate until best practices for SPPI and turnover are well established. At the 2010 meeting, the Voorburg Group should develop its future workplan, which could be presented to the Commission.

Annex I

Consultation of the Voorburg Group with the Statistical Commission in March 2005[a]

Being attentive to the criticism raised, the Bureau of the Voorburg Group asked, in March 2005, the Statistical Commission to clarify the future role and responsibility of the Group:

(a) Is the mandate of the Group still to establish internationally comparable methods for the proper measurement of the service sector of the economy in current and constant prices?

(b) Is the function of the Group to develop concepts, methods and best practices in the areas of classification, output measures and price indices?

(c) Is the function of the Group to maintain and adjust concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?

(d) Is the function of the Group to transfer knowledge on concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?

[a] See E/CN.3/2005/5, annex II, para. II.16.

Annex II

Summary lists of sectors developed by the Voorburg Group, 2004-2009

Sector	*Activities*	*Year*
Air passenger and freight transportation	Mini-presentations on PPI	2004
Property and casualty insurance	Mini-presentation on PPI	2004
Investigation and security services	Mini-presentation on PPI	2004
Bookkeeping and accounting services	Mini-presentation on PPI	2004
Wired and wireless telecommunications services	Mini-presentation on PPI	2004
Pre-packaged software and computer services	Mini-presentation on PPI	2004
Car and truck rental	Mini-presentation on PPI	2004
Labour recruitment and the provision of temporary workers	Mini-presentation on PPI	2004
Travel agencies and tour operators	Mini-presentation on CPC	2004
Food and beverage services	Mini-presentation on CPC	2004
Product advertising	Mini-presentation on turnover	2004
Quality adjustments	Sector paper	2004
Information society (information and communications technology)	Mini-presentation on CPC and turnover	2004
Waste management and remediation services	Mini-presentation on CPC and turnover	2004
Management of intangible assets	Mini-presentation on CPC and turnover	2004
Model survey	Turnover paper	2005
Courier services	Mini-presentation on the producer price index (PPI)	2005
Structural business	Mini-presentation on turnover	2005
Information technology services	Mini-presentation on PPI	2005
Information products in the Central Product Classification (CPC)/North American Product Classification System (NAPCS)	Classification	2005
Labour recruitment in corporate services	Mini-presentation on PPI	2005
Business and management consulting	Mini-presentation on PPI and turnover	2005

Sector	*Activities*	*Year*
Market research	Mini-presentation on PPI	2005
Railroad	Mini-presentation on PPI, CPC and turnover	2005
Rental and leasing	Mini-presentation on PPI	2005
Retail trade	Mini-presentation on turnover	2005
Investigation and security	Mini-presentation on PPI	2005
Glossary/thesaurus	Paper	2006
Freight transport by road	Mini-presentations on PPI and turnover/output	2006
Management consultancy	Mini-presentations on PPI and turnover/output	2006
Telecommunications	Contributed paper	2006
Architectural services	Contributed paper	2006
Freight transport	Contributed paper	2006
Manual for an index of services production	Paper	2006
Glossary/thesaurus	Paper	2007
Freight transport by road	Sector paper	2007
Management consultancy	Sector paper	2007
General methodology	Paper	2007
Information technology industries	Mini-presentations on PPI and turnover/outputs	2007
Software consultancy services	Mini-presentation on PPI	
Needs of the national accounts	Paper	2007
Glossary/thesaurus	Paper	2008
Information technology service industries	Sector paper	2008
Information technology in relation to offshore outsourcing	Mini-presentation	2008
Wired, wireless, satellite and telecommunications services	Mini-presentations on PPI and turnover/outputs	2008
Wholesale trade	Mini-presentations on PPI and turnover/outputs	2008

Sector	*Activities*	*Year*
Accounting, bookkeeping and auditing activities and tax consultancy and real estate, excluding imputed rents	Revisited sector paper	2008
Advertising and market research and public opinion polling	Revisited sector paper	2008
Architectural and engineering activities and related technical consultancy	Revisited sector paper	2008
Glossary/thesaurus	Paper	2009
Update on the general methodology	Paper	2009
Effect of globalization/information technology industry	Paper	2009
Wired, wireless, satellite and other telecommunications	Sector paper	2009
Banking and credit	Mini-presentations on PPI and turnover/outputs	2009
Rail transportation	Mini-presentations on PPI and turnover/outputs	2009
Water transportation	Mini-presentations on PPI and turnover/outputs	2009
Air transportation	Revisited sector paper	2009
Rental and leasing services	Revisited sector paper	2009
Employment services	Revisited sector paper	2009
Investigation and security services	Revisited sector paper	2009
Advertising and market research services and public opinion polling	Revisited sector paper	2009
Real estate, excluding imputed rents	Revisited sector paper	2009
Wholesale trade	Draft sector paper	2009

Annex III

Example of a summary table of best practice

Category	*Data source and method of collection*	*Level of detail collected*	*Frequency*	*Advantages and disadvantages*
Best practice	One or many surveys with different frequencies (may include economic census) **Methods**: Mail survey Interview and mail survey Census If available, data from the regulation authority may be a substitute	Industry detail according to ISIC or NAICS Product detail (CPC, NAPCS, CPA)	Annual and sub-annual collection (monthly or quarterly)	**Advantages**: Provide detailed information for the national accounts on a timely manner (monthly, quarterly and annual data) Provides benchmarking and current economic analysis Allows the construction of input-output tables (commodities by industries) **Disadvantages**: This option is the most expensive given complexity of the survey Large response burden Response rates are normally lower for this kind of survey
Good practice	One or many surveys with different frequencies **Methods:** Mail survey Interview and mail survey	Industry detail only	Annual and sub-annual	**Advantages**: Provide detailed information for the national accounts on a timely manner (monthly, quarterly and annual data) Provides benchmarking and current economic analysis **Disadvantages**: This option is the most expensive given complexity of the survey Large response burden Response rates are normally lower for this kind of survey

Category	*Data source and method of collection*	*Level of detail collected*	*Frequency*	*Advantages and disadvantages*
Minimum requirement	Administrative or mixed model	Industry detail only	Annual	**Advantages**:
				Least expensive
				Little or no response burden
				Large coverage
				Disadvantages:
				Data coverage and definition can be imprecise
				Least timely

Abbreviations: CPA, Classification of Products by Activities; CPC, Central Product Classification; ISIC, International Standard Industrial Classification of All Economic Activities; NAICS, North American Industry Classification System; NAPCS, North American Product Classification System; SPPI, service producer price index.

Annex IV

Achievements of objectives for the period 2005-2009

Objectives	*Output*	*Outcome*
Creation of a body of knowledge summarizing the best practices on the classification, turnover and prices of the service sector	Production of complete documentation on best practices for prices, turnover and classification for more than 20 sectors representing more than 30 per cent of value added for service	Improved coherence and standardization of documentation Greater participation of member countries in the development work of the service sector
Increase coverage of SPPI	Coverage in terms of sectors covered has increased fivefold during the period	Best practices rated in terms of resources available
Improvement of dissemination	Scanning of all papers presented in the last 22 years Improved search tool of the database www.voorburggroup.org	Better access and dissemination of the output